

TOWN MANAGER

Fiscal Year 2005

There was no doubt, from the beginning of the year, that the FY 06 budget would be the biggest issue and the biggest challenge for FY 05. At the very beginning, it appeared that uncertainty would be the biggest problem: with the state climbing out of a deep financial hole, the Governor's budget, it was thought, would be very conservative on spending, including local aid, and an improved local aid package was anticipated to develop from April through June, very late for the Town's budget process.

The Town had several holes to climb out of. The two biggest were a beginning "deficit" resulting from the use of more than \$2 million in reserves to balance the FY 05 budget, and a health insurance increase, roughly estimated at \$1 million. The Town's and Schools' Health Claims Trust Fund, a self-insurance fund for employee health insurance, had taken a nosedive at the very end of FY 04, too late for corrective measures to be taken in FY 05. Other major increases were in the retirement assessment – partly the result of early retirements and partly the result of a recalculation of funding schedules following reduced investment returns – and employee pay increases – only 2½%, but 1% greater than the year before.

Communication, collaboration and education occurred early and often. A consultant was retained, and money-saving changes were developed for the employee health insurance plans.

In January, the Governor's budget was somewhat better than expected, and some revenues were looking better than had been expected, but they were almost exactly offset by higher proposed budgets and an even greater estimated increase in health insurance. The Region was not helped by the Governor's budget, and that meant that the Regional assessments would increase dramatically even with a relatively small Regional budget increase. What had been projected as a \$1.2 million budget deficit in the fall, even with the use of \$1.7 million of remaining reserves, remained so in the winter. Nevertheless, a supplemental list of budget "needs" was presented to the Select Board in order to make the Town and School budget recommendations more comparable, and Department heads were directed to describe those needs to the Select Board.

The reality of the deficit was cemented when the House Ways and Means budget matched the Governor's budget for local aid. The chairs of the Select Board, School Committee, Library Trustees and Finance Committee, and then those bodies meeting jointly, agreed on a formula for each budget to be cut. The cuts were proposed, debated, revised, and then recommended to Town Meeting. (Oh, yes, and in the middle of that process, the Charter debate raged to a conclusion, two new Select Board members were elected, and health insurance changes were proposed to the Town and School unions.) Town Meeting approved, with damaging but not dire consequences for municipal, school and library services and infrastructure.

Two capital issues were second only to the operating budgets as hot topics before and at Town Meeting, although both were primarily funded by Community Preservation Act monies and, therefore, had little or no effect on the budget deficit. Funds were sought and approved for an Agricultural Preservation Restriction in North Amherst, and additional funds were sought and approved for athletic field improvements at Plum Brook in South Amherst. A petition to rescind previous funding for Plum Brook was also defeated at Town Meeting, but a referendum petition set up that issue as the first big one for FY 06.

Cherry Hill, with improved revenues and a very small projected deficit for FY 06, was almost no issue by the time its reduced budget reached Town Meeting.

Not to be forgotten was the Town's and University's survival of a dramatic Red Sox playoff comeback against the Yankees, the first Red Sox World Championship in 86 years, and (ho-hum) another Patriots' Super Bowl victory. During those events, under the leadership of Vice-Chancellor for Student Affairs Michael Gargano, the University began to undergo a major shift in its expectations of responsible behavior by students, on and off campus.

John Musante began as Finance Director in July 2005, replacing Director of Administration and Finance Nancy Maglione. His experience elsewhere served him and the Town very well in the most difficult financial year in recent memory. David Ziomek began as Conservation Director in November 2005, replacing one Amherst institution – Peter Westover – and carrying on the public service of another Amherst institution, former Superintendent of Public Works and his dad – Stan Ziomek. (David's cousin, young Mike Ziomek, a cherished employee at Cherry Hill, died just after Christmas in an automobile accident.) John and David were the latest in the exciting "next generation" of department heads, following a series of early retirements and resignations. At the very end of the year, the Select Board began to develop the recruitment and selection process for a new town manager, to be hired and to begin his or her service during FY 06.

Thank you and best wishes to Select Board Chair and Vice-Chair, Carl Seppala and Eva Schiffer, both of whom left the Select Board during FY 05. Good luck and best wishes to Hwei-Ling Greeney and Rob Kusner, who replaced them on the Board.

Barry Del Castilho
Town Manager